



2019-2020 School Year Budget Planning

Recommended Budget for Adoption

August 14, 2019



Spokane Public Schools
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Agenda

- **Present 2019-2020 Recommended Budgets and 4-Year Forecasts**
- **Recess for Public Hearing**
- **Adopt Resolution 2019-25**
 - Expenditures by Fund

2019-2020 General Fund Budget Priorities

- The new state funding model significantly changed the context for financial planning for the 2019-2020 school year
- Based on the current financial context and constituent feedback, the guiding Principles for 2019-2020 Budget Development are to:
 - Protect basic needs for all students
 - Maintain essential support services
 - Meet legal compliance and educational standards
- The School Board's Adopted Budget Priorities:
 - Explore spending adjustments away from the classroom first; start with central office and support reductions; identify operational inefficiencies
 - Focus on lower class sizes and staff-to-student ratios for K-3 students, while seeing some increase in combination classrooms and staff to student ratios in grades 4-12
 - Provide educational programs and services within available resources
 - Ensure unrestricted fund balance supports sound financial practices and provides for unplanned emergencies such as enrollment fluctuations, legislative mandates, etc.

Budget Development Process

- **Established maintenance level budget**
 - Equal to 2018-19 adopted budgeted positions
 - Salaries based on existing employees adjusted for step movement
 - Implementation of SEBB
 - Resulted in initial projected deficit of \$31 million
- **Adopted the 2019-2020 Budget Priorities**
- **Reduced maintenance level budget based on adopted Budget Priorities**
 - Declared a financial emergency and suspended workload provisions of collective bargaining agreements
 - Directed 10% target reduction plans in central office, administrative departments and support service operations
 - Optimized staffing allocations
 - Restructured elementary schedule and specialist model
 - Accomplished reductions of approximately \$18.3 million
- **Adjusted for Legislative actions and impact**
 - Special Education multiplier increased from 0.9609 to 0.9950, tiered
 - Hold Harmless funding provides per student operating revenue comparable to the 2017-2018 funding level
 - Implemented School Employees Benefit Board (SEBB) policy effective January 2020 (revenue and expenditures)
 - Increased K-3 staffing to maintain compliance funding
 - Considered revised Levy authority of up to \$2.50/\$1,000 assessed valuation or \$2,500 per student. Budget assumes collection of calendar year 2020 voter authorization \$35 million
 - LEA support continues for \$1.50/\$1,000 Levy and \$1,550 per student
 - Net budget impact of approximately \$11.8 million

Budget Development Process (continued)

- **Proposed General Fund Budget for Adoption**

- Incorporates recommended reductions to include workload suspension
- The recommended budget is balanced budget for 2019-2020
- Budgeted operating deficit of \$2.0 million
- Complies with 5% Fund Balance Policy

- **Four-Year Forecast**

- School districts are required to adopt a four-year budget forecast
- The 4-year forecast as presented estimates net operating losses beyond fiscal year 2019-2020
 - The school district must continue steps toward long-term financial sustainability and to provide programs and services within available revenue/resources
- Adopted forecasts will change and most likely improve as additional information becomes available
 - Fund balance (deficit) at August 31, 2023 estimated at (\$36.9 million)
 - Significant improvement has been made compared to last year's adopted 4-year forecast

Summary of budget adjustments

Budget Item	Assumption	Cost
Reduction of elementary combination classrooms	Strategically add back classrooms to reduce need for combinations	\$ 1,017,000
Secondary class sizes	Flexibility to address high pressure areas (6.0 FTE)	540,000
Custodial	Partial restoration of custodial reduction (7.0 FTE)	560,000
Friday after school activities	Staffing and supplies for Friday after school programs, net of contributions from community partners	76,950
	Snacks, assuming no USDA reimbursement	153,125
Location building budgets	Restoration of location building budgets to 2018-2019 level (\$92/\$95/\$105)	557,258
Total recommended budget adjustments		\$ 2,904,333

General Fund Revenue Summary

(\$ In Millions)

Revenue Source	Actual 2017-2018	Budget 2018-2019	Budget 2019-2020	Change
State	\$ 279.2	\$ 334.5	\$ 359.8	\$ 25.3
Local Levy	68.1	47.4	32.8	(14.6)
Local Effort Assistance (LEA)	21.0	18.7	16.6	(2.1)
Federal	37.3	38.8	36.7	(2.1)
Other Local Revenues	9.9	13.0	14.0	1.0
Total Revenue	\$ 415.5	\$ 452.4	\$ 459.9	\$ 7.5

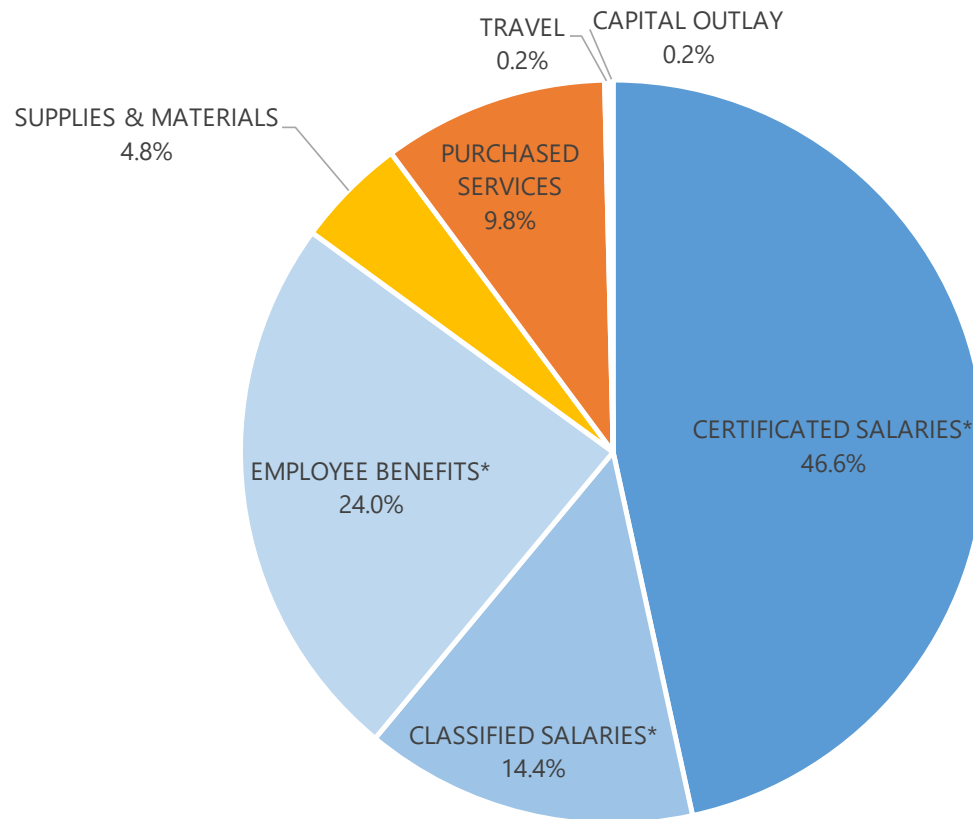
General Fund Expenditure Summary – by Program

(\$ In Millions)

Expenditure Program	Actual	Budget	Budget	Change
	2017-2018	2018-2019	2019-2020	
Basic & Vocational Education	\$ 235.4	\$ 266.1	\$ 266.4	\$ 0.3
Special Education	56.9	63.3	64.5	1.2
Title I & LAP (5X)	28.0	35.9	35.0	(0.9)
Federal & State Special Programs (6X)	5.8	6.4	6.2	(0.2)
Other Instructional Programs (7X)	3.8	5.3	5.2	(0.1)
Community Services (8X)	7.7	9.3	9.4	0.1
Support Service Operations (9X)	75.2	78.7	75.2	(3.5)
Total Expenditures	\$ 412.8	\$ 465.0	\$ 461.9	\$ (3.1)

General Fund Expenditure Summary – by Object

Total recommended expenditure budget - \$461,901,475



*Total salaries & benefits - 85%

Recommended Budget Summary

2019-2020 General Fund Budget Summary

Budget Summary	Amount (in Millions)
Revenues	\$ 459.9
Expenditures	461.9
Estimated Revenues Over Expenditures	(2.0)
Fund Balance Summary	
Beginning Fund Balance – Forecast, September 1	\$ 37.0
Revenue Over Expenditures	(2.0)
Ending Fund Balance, August 31	35.0
Less: Restricted Balances	(12.8)
Committed, Assigned, Unassigned (CAU)	\$ 22.2
CAU as a percent of Expenditures*	5.37%

* CAU as a percent of August 31, 2018 expenditures

Types of School District Funds

- **General Fund**
 - Funds to operate schools each year provided by state, federal and local sources
- **Associated Student Body Fund**
 - Funds for student government activities provided from school-based fundraisers
- **Debt Service Fund**
 - For the payment of principal and interest and related expenditures for bonds outstanding
- **Capital Projects Fund**
 - Funds restricted to improvement of facilities and technology provided by voter approved local bonds
- **Transportation Vehicle Fund**
 - Inactive due to contracted pupil transportation services

Recommended Expenditures by Fund

2019-2020 Recommended Expenditures by Fund

Proposed Resolution No. 2019-25

Description	Actual	Budget	Budget
	2017-2018	2018-2019	2019-2020
General Fund	\$ 412,815,662	\$ 464,996,298	\$461,901,475
Associated Student Body	2,171,473	2,179,000	2,607,000
Debt Service	34,897,164	31,626,588	56,180,000
Capital Projects	38,517,003	58,940,000	88,800,000
Transportation Vehicle	-0-	-0-	-0-

General Fund 4-Year Forecast

(\$ In Millions)

Description	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
	Projected July 2019	Recommended Budget	Preliminary Forecast	Preliminary Forecast	Preliminary Forecast
Beginning Fund Balance, September 1	\$ 40.1	\$ 37.0	\$ 35.0	\$ 17.1	\$ (6.9)
Revenue	453.4	459.9	471.1	477.7	482.9
Expenditures	457.3	461.9	489.0	501.7	512.9
Net Operations	(3.9)	(2.0)	(17.9)	(24.0)	(30.0)
Ending Fund Balance, August 31	36.2	35.0	17.1	(6.9)	(36.9)
Less: Restricted balances	(12.9)	(12.8)	(13.0)	(13.1)	(12.9)
Unrestricted Fund Balance	\$ 23.3	\$ 22.2	\$ 4.1	\$ (20.0)	\$ (49.8)
Subject to Policy 6022 (CAU)					
CAU as a percent of Expenditures	5.67%	5.37%	0.90%	(4.37)%	(10.78)%
Basis of Calculation	2017-2018 actual	2017-2018 actual	2018-2019 actual*	2018-2019 actual*	2019-2020 actual*

* Forecasted

Associated Student Body 4-Year Forecast

(\$ In Millions)

Description	2019-2020	2020-2021	2021-2022	2022-2023
	Recommended Budget	Preliminary Forecast	Preliminary Forecast	Preliminary Forecast
Beginning Fund Balance, September 1	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.5
Revenue	2.7	2.7	2.8	2.9
Expenditures	2.6	2.7	2.7	2.8
Net Operations	0.1	0.0	0.1	0.1
Ending Fund Balance, August 31	1.4	1.4	1.5	1.6
Less: Restricted balances	(1.4)	(1.4)	(1.5)	(1.6)
Unrestricted Fund Balance	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

Debt Service 4-Year Forecast

(\$ In Millions)

Description	2019-2020	2020-2021	2021-2022	2022-2023
	Recommended Budget	Preliminary Forecast	Preliminary Forecast	Preliminary Forecast
Beginning Fund Balance, September 1	\$ 25.1	\$ 24.2	\$ 24.4	\$ 24.1
Revenue	55.3	54.5	58.0	63.0
Expenditures	56.2	54.3	58.2	62.9
Net Operations	(0.9)	0.2	(0.3)	0.1
Ending Fund Balance, August 31	24.2	24.4	24.1	24.2
Less: Restricted balances	(24.2)	(24.4)	(24.1)	(24.2)
Unrestricted Fund Balance	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0

Capital Projects 4-Year Forecast

(\$ In Millions)

Description	2019-2020	2020-2021	2021-2022	2022-2023
	Recommended Budget	Preliminary Forecast	Preliminary Forecast	Preliminary Forecast
Beginning Fund Balance, September 1	\$ 158.9	\$ 75.4	\$ 22.3	\$ 23.0
Revenue	5.4	112.6	127.7	103.9
Expenditures	88.9	165.7	127.0	117.3
Net Operations	(83.5)	(53.1)	0.7	(13.4)
Ending Fund Balance, August 31	75.4	22.3	23.0	9.6
Less: Restricted balances	(61.8)	(8.5)	(8.9)	(0.1)
Unrestricted Fund Balance	\$ 13.6	\$ 13.8	\$ 14.1	\$ 9.5

4-Year Enrollment Forecast

Description	2019-2020	2020-2021	2021-2022	2022-2023
Kindergarten	2,405	2,500	2,380	2,445
1 st Grade	2,440	2,405	2,480	2,360
2 nd Grade	2,375	2,470	2,390	2,465
3 rd Grade	2,325	2,360	2,480	2,400
4 th Grade	2,365	2,335	2,350	2,470
5 th Grade	2,365	2,335	2,310	2,325
6 th Grade	2,290	2,225	2,225	2,200
7 th Grade	2,205	2,225	2,150	2,150
8 th Grade	2,175	2,215	2,230	2,155
9 th Grade	2,020	2,205	2,235	2,250
10 th Grade	2,005	1,995	2,145	2,175
11 th Grade	1,755	1,775	1,775	1,920
12 th Grade	1,765	1,615	1,620	1,620
Subtotal	28,490	28,660	28,770	28,935
Running Start	425	430	425	425
Drop Out Re-Engagement	140	135	140	135
ALE	1,010	1,010	1,010	1,010
Total	30,065	30,235	30,435	30,505

Recommended Budget 2019-2020

- **Public Hearing for Recommended Budgets**
- **Reconvene for School Board consideration to adopt Recommended Budgets**
- **Roll Call Vote on Resolution 2019-25**